

UNITED STATES SECURITIES AND EXCHANGE
COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report: November 8, 2001

Commission File Number 1-13159

ENRON CORP.

(Exact name of registrant as specified in its charter)

Oregon

47-0255140

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification
Number)

Enron Building
1400 Smith Street
Houston, Texas

77002

(Address of principal executive
Offices)

(Zip Code)

(713) 853-6161

(Registrant's telephone number, including area code)

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accounted for these transactions using the accounting treatment described in the preceding paragraph. This resulted in an additional overstatement of both notes receivable and shareholders' equity by \$828 million. As a result of these errors, shareholders' equity and notes receivable were overstated by a total of \$1 billion in the unaudited financial statements of Enron at March 31 and June 30, 2001.

In the third quarter of 2001, Enron purchased LJM2's equity interests in Raptor for \$35 million. As previously discussed, Enron accounted for this transaction as a reduction to Enron shareholders' equity and notes receivable by \$1.2 billion. Enron recorded a \$200 million equity reduction (which was part of the \$1.2 billion reduction) related to the excess of the fair value of contracts deliverable by Enron over the notes receivable recorded in shareholders' equity, as adjusted.

Prior period financials will be restated to adjust shareholders' equity for all periods affected as shown in Section 2.

✓ 4. The Special Committee

Based on various reports and information concerning Enron's transactions with certain related parties, on October 31, 2001, the Board of Directors elected William Powers, Dean of the University of Texas School of Law, to the Board, and appointed Dean Powers as Chairman of a newly formed Special Committee of the Board to conduct an independent investigation and review of transactions between Enron and certain related parties. The Special Committee also was charged with taking any disciplinary action that it deems appropriate, communicating with the Securities and Exchange Commission (which has commenced a formal investigation of these matters), and recommending to the Board any other appropriate actions. The other members of the Special Committee are independent directors Frank Savage, CEO of Savage Holdings LLC, Paulo Ferraz Pereira, Executive Vice President of investment bank Group Bozano, and Herbert S. Winokur, Jr., Chairman and CEO of Capricorn Holdings, Inc.

The Special Committee has retained the law firm of Wilmer, Cutler & Pickering as its counsel. The firm's representation is led by William R. McLucas, former head of the Division of Enforcement of the SEC. Wilmer, Cutler has retained Deloitte & Touche to provide related accounting advice to the law firm. The Special Committee's review is in its early stages. It will include an analysis of both the underlying substance and business purposes of the transactions, as well as an analysis of their financial impact on Enron and, to the extent information is available, on the related parties. The duration of the Special Committee's review, and the ultimate results of that review, have not yet been determined. While the information provided herein reflects Enron's current understanding of the relevant facts, it is possible that the Special Committee's review will identify additional or different information concerning these matters.

5. The LJM Limited Partnerships and Transactions with Enron

A. The LJM Partnerships.

As discussed above, LJM1 and LJM2 are private investment limited partnerships. Enron believes that, under the LJM1 and LJM2 limited partnership agreements (as with many similar agreements in private equity investing), the general partners are entitled to receive a percentage of the profits in excess of their portions of total capital contributed to the partnerships depending